

ORIGINAL

REED SMITH SHAW & McCLAY

1301 K STREET, N.W.

SUITE 1100 - EAST TOWER

WASHINGTON, D.C. 20005-3317

202-414-9200

JUDITH ST. LEDGER-ROTY  
202-414-9237

FAX 202-414-9299

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July 2, 1996

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

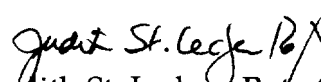
**Re: EX PARTE PRESENTATION - In re Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers - CC Docket No. 95-185 and Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 - CC Docket No. 96-98**

Dear Mr. Caton:

Today, on behalf of Paging Network, Inc., the undersigned counsel, met with James L. Casserly of Commissioner Ness' office, to discuss issues in the above-referenced dockets and the information contained in the attached presentation.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation. Please direct any questions regarding this filing to the undersigned.

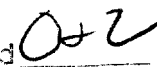
Respectfully submitted,

  
Judith St. Ledger-Roty

JSLR:cpa

Enclosure

cc: James L. Casserly

  
JUL 3 1996

**Paging Network, Inc.**

**PAGENET IS THE NATION'S AND THE WORLD'S  
LARGEST  
MESSAGING CARRIER**

**OVER 4 BILLION CALLS PER YEAR  
DOMESTICALLY  
7.4 MILLION CUSTOMERS**

## **Paging Network, Inc.**

### **ONE-WAY MESSAGING SERVICES OFFERED BY PAGING CARRIERS**

**Traditional Numeric Paging**  
**Alphanumeric**  
**VoiceNow ("voicemail on  
your belt")**  
**Wireless Fax**  
**Wireless Data**  
**Credit Card Verification**

### **ONE-WAY MESSAGING SERVICES OFFERED BY OTHER WIRELINE & WIRELESS NETWORKS**

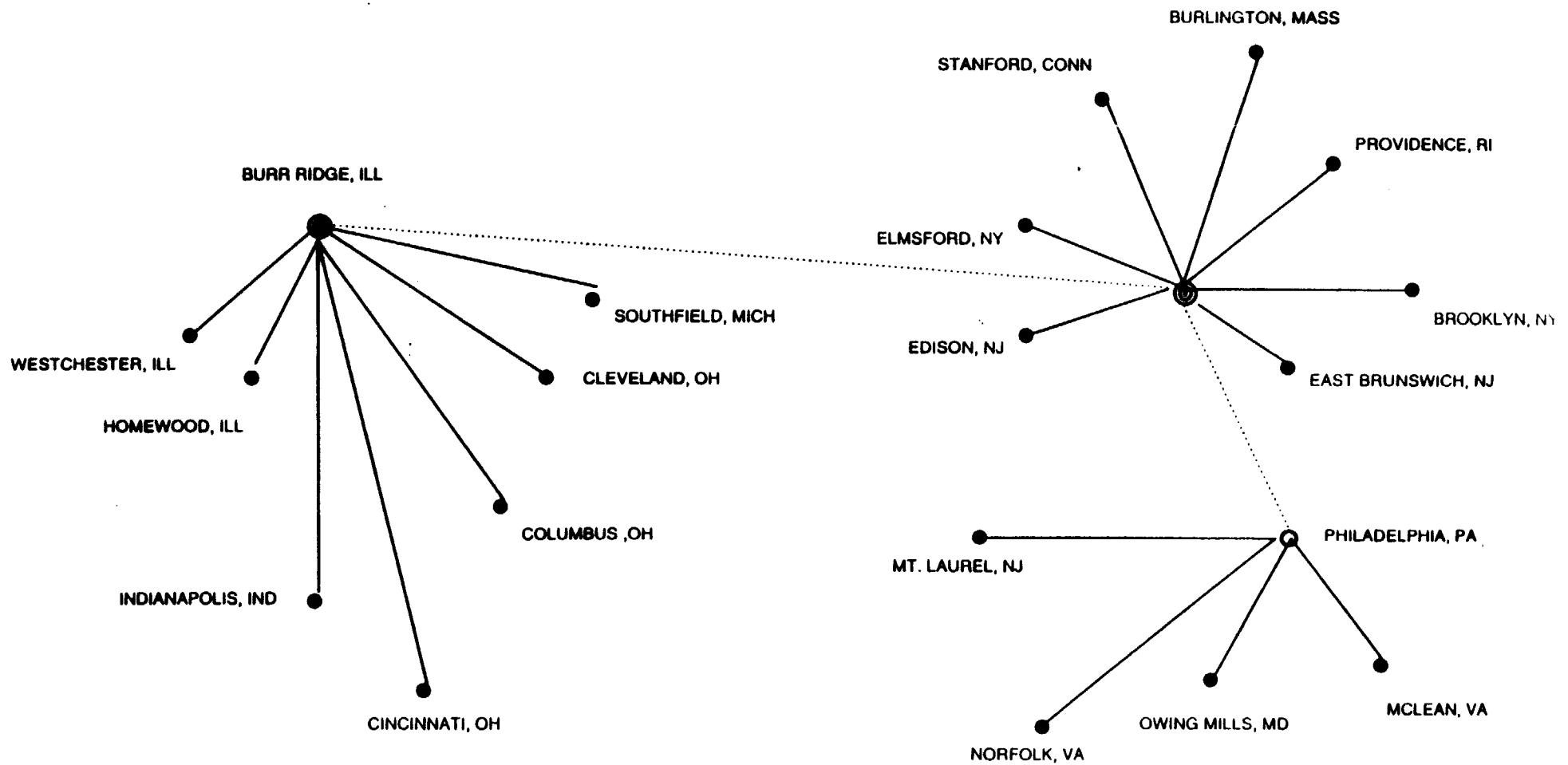
**Caller ID**  
**Answering Machines**  
**Voicemail**  
  
**Fax**  
**Data**  
**Credit Card Verification**

**MESSAGING TRAFFIC INCREASINGLY  
PREDOMINANTLY INTERSTATE**

- ♦ **900 MHz NATIONWIDE, REGIONAL FREQUENCIES**
- ♦ **900 MHz NARROWBAND FREQUENCIES NATIONWIDE, REGIONAL**
- ♦ **931 MHz COMMON CARRIER FREQUENCIES TO BE AUCTIONED, MOST LIKELY, ON MTA BASIS - SYSTEMS ALREADY REFLECT MTA OR GREATER GEOGRAPHY**

DIAGRAM 1

ILLUSTRATIVE DIAGRAM OF  
PAGENET INTERSTATE NETWORK



**Paging Network, Inc.**

**CRITICAL NEED FOR FCC TO ESTABLISH &  
IMPLEMENT INTERCONNECTION AND  
COMPENSATION PRINCIPLES FOR MESSAGING TO  
CURTAIL SYSTEMIC INTERCONNECTION FLAWS**

## **CURRENT PROBLEMS**

- ◆ **INCONSISTENT AND ARBITRARY TREATMENT AMONG LECs**
- ◆ **MESSAGING CARRIERS TREATED LIKE END USERS, NOT CARRIERS**
- ◆ **TREATMENT INFERIOR TO THAT OF OTHER CARRIERS**

## **RESULTS**

- ◆ **OVERCHARGES TO MESSAGING CARRIERS**
- ◆ **COMPETITIVE DISADVANTAGE FOR MESSAGING-ONLY**

**Paging Network, Inc.**

**PAGING CARRIERS ARE SUBJECT TO WIDELY  
VARYING RECURRING LEC CHARGES**

**Per-Block of 100 Telephone LEC End Office Numbers**

<b>BellSouth</b>	<b>\$ 0.50/month</b>
<b>PacBell</b>	<b>\$ 0.50/month</b>
<b>US West</b>	<b>\$15.00/month</b>
<b>SNET</b>	<b>\$52.00/month</b>



**THE FCC NEEDS TO CLEARLY REASSERT LONG-STANDING  
CO-CARRIER PRINCIPLES PROMOTING COMPETITION  
FOR BENEFIT OF CUSTOMERS**

- ♦ **A CARRIER MUST BE PAID FOR THE USE OF  
ITS NETWORK**
- ♦ **PAYMENT SHOULD BE BASED ON  
DIRECTIONALITY (TERMINATING  
COMPENSATION)**
- ♦ **PAYMENT OF COMPENSATION MUST APPLY  
TO ALL CARRIERS**

**CO-CARRIERS INCLUDE:**

- ♦ **LECs**
- ♦ **CLECs**
- ♦ **INDEPENDENTS**
- ♦ **CMRS**
  - **Cellular**
  - **Messaging/Paging**
  - **ESMR**
  - **Other**

**APPLICATION OF POLICY CONSISTENTLY  
APPLIED, TRANSLATES INTO:**

- ♦ **Facility Paid For Based On “Proportionate Use”**
- ♦ **There Should Be No Charges To Wireless Carrier For inter-Carrier Trunk Facility Between LEC And MTSO If 100% Of Traffic From LEC To Wireless Carrier**
- ♦ **Example: Bell Atlantic Cellular Tariff Charges Cellular Carrier For Mobile-To-Land But Not Land-To-Mobile**
  - ◇ **Bell Atlantic Refuses To Give PageNet Same Terms**

**Paging Network, Inc.**

**CHARGES TO MESSAGING CARRIERS FOR  
FACILITIES BASED ON OTHER THAN  
PROPORTIONATE USE IN EACH DIRECTION  
IS AN UNREASONABLE PRACTICE UNDER  
SECTION 201 OF THE COMMUNICATIONS ACT**

**COMPENSATION TO MESSAGING CARRIERS  
FOR TRAFFIC TERMINATED  
OVER THEIR NETWORKS**

**EXAMPLE:**

**NYNEX Offering Compensation To Cellular For Calls  
Terminated Over Cellular Career Networks**

**NYNEX Pays CLECs For All Calls Terminated  
Over CLEC Network**

**NYNEX Pays Independent LECs For Calls  
Terminated Over Their Networks**

**NYNEX Refuses To Pay Messaging Carriers  
For Calls Terminated Over Their Networks**

**Paging Network, Inc.**

**CHARGES BY CMRS CARRIERS TO LECs FOR USE  
OF CMRS FACILITIES ARE RATES**

**SECTION 332 PROHIBITS STATES FROM  
SETTING THESE RATES**

**(LECs WOULD LIKE TO PRETEND THAT THESE  
CHARGES ARE DISCOUNTED OFF LEC  
SERVICES)**

**FACT THAT LECs ARE ATTEMPTING TO  
DETERMINE INTERCARRIER RATES PAID TO  
WIRELESS CARRIERS (COMPENSATION RATES)  
POINTS UP GROSS, ONGOING LEVERAGE  
IMBALANCE;**

**FCC ARTICULATION OF COMPENSATION  
REQUIREMENTS NEEDED TO OFFSET IMBALANCE  
IN LEVERAGE**

**FAILURE OF LECs TO PAY MESSAGING CARRIERS  
FOR USE OF MESSAGING NETWORK**

- ♦ **UNREASONABLE PRACTICE UNDER SECTION 201(b)**
- ♦ **UNREASONABLY DISCRIMINATORY PRACTICE UNDER SECTION 202(a) TO EXTENT THAT PAY CELLULAR, PCS, CLEC, INDEPENDENTS FOR TRAFFIC THAT TERMINATES OVER THEIR RESPECTIVE NETWORKS**



## **RECOMMENDED RATE**

### **BASIS**

- ♦ **USE PER-CALL RATE BECAUSE PAGING TRAFFIC UNIFORM**
- ♦ **SIMPLICITY**
- ♦ **USE LEC COST AS SURROGATE**
- ♦ **DERIVE FROM ACCESS COST STUDY - AVAILABLE, CONSISTENT**

### **COST BASIS**

- ♦ **SET UP COST** **\$.005/CALL**
- ♦ **DURATION COST** **\$.006/MINUTE**

### **RESULT**

- ♦ **ASSUMING 15-SECOND AVERAGE LENGTH:** **\$.0065/CALL**
- ♦ **ASSUMING 30-SECOND AVERAGE LENGTH:** **\$.0080/CALL**

## **NATIONAL POLICIES**

♦ **COMPENSATION**

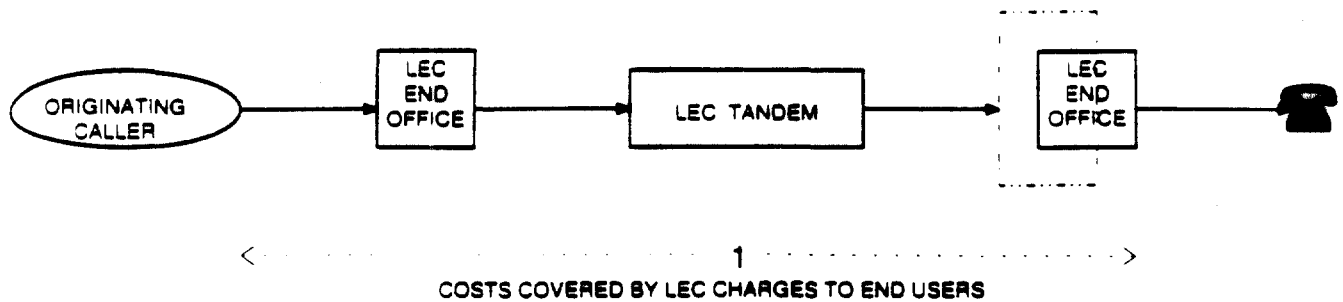
♦ **EFFICIENT CONSISTENCY**

♦ **PRO-COMPETITION**

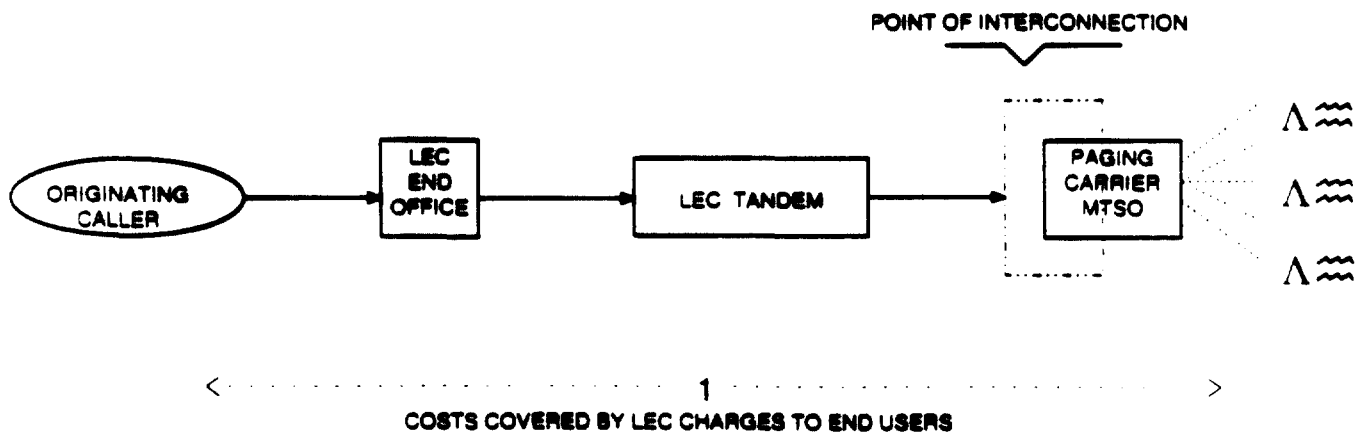
DIAGRAM 2

**CALL ROUTING AND COST COVERAGE BY LEC**

**LEC-PROVIDED TERMINATION -- LOCAL CALL**



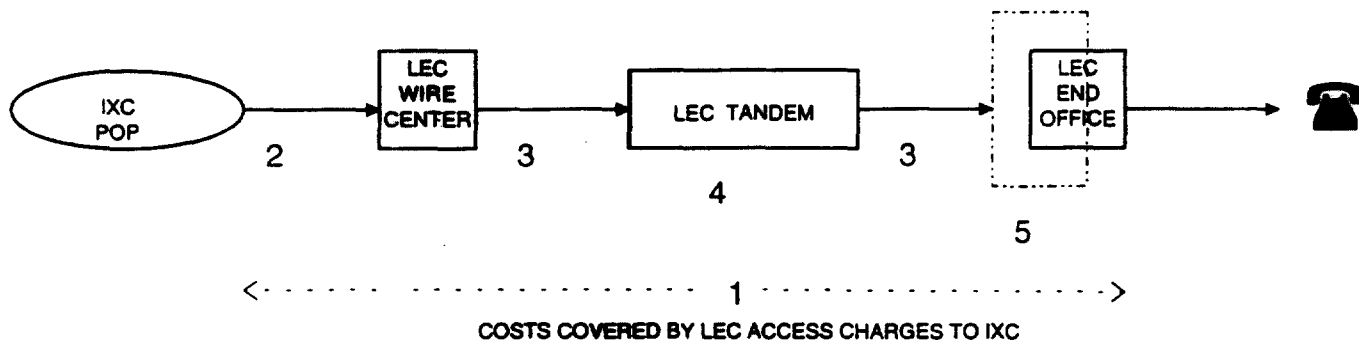
**PAGING CARRIER TERMINATION -- LOCAL CALL**



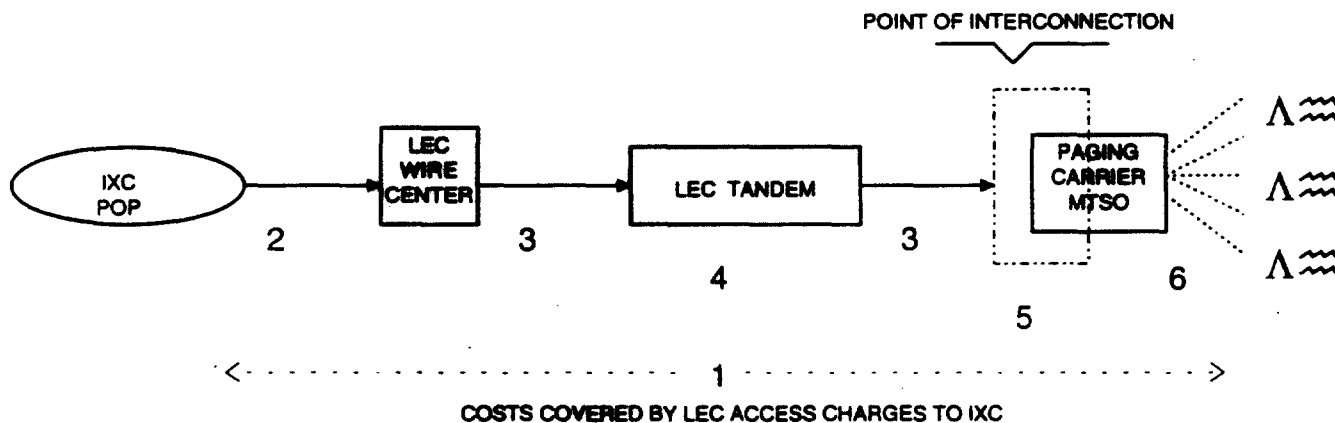
1 = LEC Basic Local Service Flat Rate

## CALL ROUTING AND COST COVERAGE BY LEC

### LEC-PROVIDED TERMINATION -- LONG DISTANCE CALL



### PAGING CARRIER TERMINATION -- LONG DISTANCE CALL



- 2 = LEC Entrance Facility
- 3 = LEC Tandem Switched Transport
- 4 = LEC Tandem Switching
- 5 = LEC Terminating Local Switching
- 6 = Paging Carrier switching and local transport functions and charges

## **NATIONAL POLICIES**

### **A. COMPENSATION - LOCAL CARRIERS ARE ENTITLED TO COMPENSATION FOR CALLS TERMINATED OVER THEIR NETWORKS.**

**Application of Policy: Messaging Carriers Are Entitled To Compensation Regardless Of Fact That Messaging Carriers Do Not Terminate Traffic At Present Over LEC Networks.**

### **B. CONSISTENCY - PAYMENT BETWEEN CO-CARRIERS SHOULD BE BASED ON DIRECTIONALITY. IF CARRIER ONLY RECEIVES (TERMINATES) TRAFFIC, IT SHOULD NOT BE REQUIRED TO PAY FOR FACILITY.**

**Application of Policy: Messaging Carrier Should Not Be Required To Pay For Inter-Carrier Facility Between LEC And MTSO. If Messaging Carrier Uses Facility To Originate As Well, Payment Based On Proportionality Of Directional Use.**

**NATIONAL POLICIES**

**C. COMPENSATION TO CO-CARRIERS SHOULD PROMOTE DIVERSITY IN COMPETITION**

- ♦ **UNEQUAL TREATMENT HARMS MESSAGING CARRIERS THAT USED NOT TO OFFER TWO-WAY INTERACTIVE SERVICES**
- ♦ **UNEQUAL TREATMENT WOULD FORCE OTHERWISE UNECONOMIC RELATIONSHIPS**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/CLEC**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/CELLULAR CARRIER**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/INDIVIDUALS**

**Application of Policy: Require LECs to compensate all wireless carriers for all traffic terminated on wireless facilities - no distinction based on one-way nature of traffic**

## **NATIONAL POLICIES**

### **D. COMPENSATION POLICY RE LECs SHOULD ALSO PROMOTE COMPETITION**

- 1. ALL LECs MUST OFFER TRUE END OFFICE INTERCONNECTION AT REASONABLE COST-BASED RATES, WITHOUT SUBSIDIES**
- 2. CHARGES FOR END OFFICE "NUMBERS" MUST BE COST BASED. THERE MUST BE NO LEC CHARGES FOR NXX CODES. (Any charges, assessed fairly to all carriers by third party Administrator).**
- 3. ALL CARRIERS ENTITLED TO ALL SIGNALING ARRANGEMENTS. MESSAGING CARRIERS ARE ENTITLED TO RECEIVE SS7.**

## **MYTH TO DEBUNK**

**ALLEGATION: TRAFFIC MUST FLOW IN BOTH  
DIRECTIONS (MUTUALITY OF TRAFFIC) IN  
ORDER FOR ENTITLEMENT TO  
COMPENSATION (Conn. DPU; SNET)**

**RESPONSE: MESSAGING CARRIER INCURS  
COSTS FOR TERMINATING TRAFFIC; THE  
FACT THAT IT DOES NOT ORIGINATE  
TRAFFIC HAS NO BEARING UPON THE FACT  
THAT COSTS ARE INCURRED**



## **MYTH TO DEBUNK**

**ALLEGATION: STATES NEED BROAD JURISDICTION  
OVER WIRELESS CARRIERS IN ORDER FOR THOSE  
CARRIERS TO BE ENTITLED TO COMPENSATION (Conn.  
DPU)**

**RESPONSE: STATE JURISDICTION IRRELEVANT TO  
ENTITLEMENT TO COMPENSATION**